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INTERVENTION

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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION
AZ CORP COMMISSION
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IN THE MATTER OF THE FILING OF THE
APPLICATION OF ARIZONA WATER
COMPANY, AN ARIZONA CORPORATION,
FOR ADJUSTMENTS TO ITS RATES AND
CHARGES FOR UTILITY SERVICE
FURNISHED BY ITS EASTERN GROUP AND
FOR CERTAIN RELATED APPROVALS.

Case No.: DOCKET NO. W-01445A-02-
0619

APPLICATION/MOTION TO
INTERVENE

COMES NOW the undersigned attorney, by and for the City of Casa Grande, and applies/moves
to intervene in the above-referenced matter in accordance with A.A.C. R14-3-105 as set forth in the
attached Memorandum of Points and Authorities.

Intervener's Name:	City of Casa Grande through its attorney, Kay Bigelow
Intervener's Address:	510 East Florence Boulevard Casa Grande 85222
Intervener's Telephone:	520-421-8600
Intervener's Fax:	520-421-8604

RESPECTFULLY SUBMITTED this 27th day of November, 2002.

CASA GRANDE CITY ATTORNEY'S OFFICE

Arizona Corporation Commission

DOCKETED

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Kay Bigelow, State Bar #12058
510 East Florence Boulevard
Casa Grande, AZ 85222

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 Arizona Water Company (the "Company") has filed an application for rate increase in its Eastern
3 Group of systems. One of the issues at bar is the recovery of costs resulting from the new Maximum
4 Contaminant Level ("MCL") for arsenic which must be complied with by 2006. In its application (page
5 5, paragraph 12), Arizona Water is proposing to apply the same methodology for arsenic cost recovery
6 currently under review by this body in the Company's Northern Group rate increase case (W-01445A-
7 00-0962).

8 Arizona Water Company is the potable water provider for most of the City of Casa Grande (the
9 "City"). The Company's Casa Grande system is part of the Company's Western Group of water
10 systems. The Company primarily serves the City with groundwater that is over the arsenic MCL for
11 which it must comply in 2006. The Company will need to implement treatment procedures and
12 install/construct treatment mechanisms for the potable water being served to the City and the majority of
13 its residents. It is highly unlikely that the Company will choose to absorb, without requesting a rate
14 increase, such treatment expenses. The City is a customer of the Company as well as the local
15 representative for the majority of the Company's customers in the Company's Casa Grande system. The
16 issues of rate increase determinations for arsenic treatment for the Arizona Water Company's Eastern
17 Group directly and substantially affects the City because:

18 1. The Company acknowledged in Phase 2 of its rate case for its Northern Group that it will likely
19 use the arsenic treatment cost recovery mechanism developed in the Northern Group rate case for its
20 other systems. *See, W-01445A-00-0962, July 16, 2002, Procedural Conference, Tr. p. 9.* The City of
21 Casa Grande has been granted intervenor status in the Northern Group rate increase, Phase 2 based on
22 the fact that the Company plans to use the same cost recovery methodology for its arsenic treatment
23 upgrades through the State.

24 2. The issue of arsenic treatment cost recovery and a request for rate consolidation for the
25 Company's Northern Group is still within the administrative hearing process and undetermined. It is,
26 therefore, essential for the ACC to allow other customers in the Company's Western Group to inquire
27 about existing rate consolidations and how they will be impacted by the current Company requests in the
28 Eastern Group.

3. Customers of the systems other than the Northern and Eastern Groups should have the right to understand and assure themselves that the methodology suggested by the Company and approved by the ACC for arsenic treatment cost recovery uphold the constitutional and statutory requirements. Intervenor status grants the City the ability to gather information and inquire about the practices proposed by the Company such that the City is better able to interpret how that methodology may be imposed when the Company requests it in a rate increase for its Western Group of which the City is a part.

4. The Company has not been to the Arizona Corporation Commission (ACC) for a rate review of the Casa Grande system for over a decade and the increase was done as part of a Company-wide rate increase procedure, making it more difficult to determine where cross-subsidization among systems, if any, may be in place for issues such as existing rate consolidations among physically unconnected systems.

RESPECTFULLY SUBMITTED this 27th day of November, 2002.

CASA GRANDE CITY ATTORNEY'S OFFICE

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Casa Grande, AZ 85222